

FISCAL NOTE

SB 2458 - HB 3450

March 8, 2004

SUMMARY OF BILL: Exempts from certain CON requirements a single nursing home that is replacing one facility with another and contains the same number or fewer beds than the facility to be replaced. Gives preference to projects to replace facilities because of life safety issues.

ESTIMATED FISCAL IMPACT:

Increase State Expenditures - Exceeds \$36,000

Other Fiscal Impact - Increase Federal Expenditures - Exceeds \$64,000

Estimate assumes:

- Current law restricts new and replacement nursing home beds to 125 per year. Allowing existing beds to be replaced outside the 125 cap will potentially increase the number of new beds that may be approved.
- Any additional new beds will increase TennCare reimbursement because Medicaid reimburses approximately 72 percent of all nursing home beds in the state.
- Beds in a replacement facility will have amortized capital costs greater than in the facility that is replaced. TennCare reimbursement is based upon total facility expense and reimbursement rates will increase.
- Nursing home reimbursement is approximately \$110 per day. An increase of four beds would exceed \$100,000 per year in Medicaid reimbursement. The amount of increased reimbursement cannot be determined but is estimated to exceed \$100,000.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director